

W. 20475A-12-0143



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**ORIGINAL**

ARIZONA CORPORATION COMMISSION

47CO

UTILITY COMPLAINT FORM

Investigator: Jenny Gomez

Phone: [REDACTED]

Fax: [REDACTED]

Priority: Respond Within Five Days

Opinion      No. 2012 - 103390

Date: 4/24/2012

Complaint Description:      08A Rate Case Items - Opposed  
N/A Not Applicable

Complaint By:      First: M. W.      Last: Matthew

Account Name: M. W. Matthew

Home: [REDACTED]

Street: [REDACTED] Drive

Work:

City: Show Low

CBR:

State: AZ      Zip: 85901

is:

Utility Company: Watco, Inc. \*\*Silver Well Service Corporation

Division: Water

Contact Name: [REDACTED]

Contact Phone: [REDACTED]

Nature of Complaint:

DOCKET NO. W-20475A-12-0143  
OPPOSED RATE INCREASE

Arizona Corporation Commission  
**DOCKETED**

MAY 01 2012

April 16, 2012

Arizona Corporate Commission  
1200 West Washington Street  
Phoenix, AZ 85007

DOCKETED BY [Signature]

RECEIVED  
2012 MAY -1 A 10:54  
CORP COMMISSION  
DOCKET CONTROL

RE: Watco Inc. rate increase application.

Dear Commissioners,

Without knowing Watco's size or scope of operations it is hard to get a grasp of why the extreme increase the company is asking for.

I share a home in a community with 31 lots, some vacant land and several empty homes. Probably 30% of zero revenue for Watco that Watco would normally serve if occupied. Again, not knowing, and not being privy to there day to day operations, costs etc. It is hard to imagine how they could be in financial trouble.

From my perspective their main roll is to deliver potable water to our homes via water lines from a well fed by pumps. The water is free to them, they incur electric costs, pay someone to read the meters once month, pay nominal taxes, but their billing comes from New Mexico.

There pricing is very hard to understand and their variable rates seem to be punishing because for their rates are exponential, the more you use the higher the rates???

The 74% increase they are asking for is not only unreasonable, it's insulting; they got an increase only five years

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**UTILITY COMPLAINT FORM**

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ago. I need more information. See attached Show Low City water rates.

The address given on their customer notification @ 340 north 9th street is vacant and has been for several years. There is no phone number in the local phone directory for Watco.

That said, if we have an interruption in service, who do we call?

Sincerely  
Mr. M. W. Matthew  
\*End of Complaint\*

**Utilities' Response:**

**Investigator's Comments and Disposition:**

Noted and filed for the record in Docket Control.  
\*End of Comments\*

**Date Completed:** 4/24/2012

**Opinion No.** 2012 - 103390

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W. 20475A-12-0143

ARIZONA CORPORATION COMMISSION  
UTILITY COMPLAINT FORM

Investigator: Jenny Gomez

Phone: [REDACTED]

Fax: [REDACTED]

Priority: Respond Within Five Days

Opinion

No. 2012 - 103441

Date: 4/26/2012

Complaint Description:

08A Rate Case Items - Opposed

N/A Not Applicable

First:

Last:

Complaint By:

David C.

Walter

Account Name:

David C. Walter

Home: (000) 000-0000

Street:

[REDACTED]

Work:

City:

Show Low

CBR:

State:

AZ Zip: 85901

is:

Utility Company:

Watco, Inc. \*\*Silver Well Service Corporation

Division:

Water

Contact Name:

[REDACTED]

Contact Phone:

[REDACTED]

Nature of Complaint:

DOCKET NO. W-20475A-12-0143  
OPPOSED RATE CASE

S.L.E.N.I.O.,

[REDACTED]  
Show Low, AZ 85901

Arizona Corporation Commission  
1200 W. Washington St.  
Phoenix, AZ 85007

Re: April 2012, Watco, Inc application for a Rate Increase.  
Docket Number: W-20475A-12-0143

Dear Commissioners,

S.L.E.N.I.O. stands for Silver Lake Estates Neighborhood Improvement Organization. This organization exists to help our community pull together.

The rate increase that Watco, Inc. proposes is excessive and will put a severe hardship on most of their customers within Silver Lake Estates including myself. Watco, Inc. already charges \$22.00 a month just to be hooked up to their service even if you don't use any water at all (this amount does not include the taxes or dwr they add on to your monthly bill).

The majority of the people's income level here in Silver Lake Estates is below poverty level. My family gross is the the \$21,600 range. My family is considered well off in this area.

Besides our President Roger Brown who resides in the Phoenix area, no one else would be able to attend a

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hearing in Phoenix. This is a point of fact that the Watco, Inc company is aware of. This is to their advantage.

This area needs a decrease in their rates, as it is, I am close to having to disconnect from them just at their current rate.

We have approximate 12 to 15 people in this neighborhood who are already disconnected because they are unable to meet the water bill.

This area could afford \$15.00 at a base of 3,000 gallons and then .001 per gallon after 3,000 gallons.

Sincerely,

David C. Walters  
Vice-President of S.L.E.N.I.O.  
\*End of Complaint\*

**Utilities' Response:**

**Investigator's Comments and Disposition:**

Noted and filed for the record in Docket Control.  
\*End of Comments\*

**Date Completed:** 4/26/2012

**Opinion No.** 2012 - 103441

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W. 20475A-12-0143

ARIZONA CORPORATION COMMISSION  
UTILITY COMPLAINT FORM

Investigator: Jenny Gomez

Phone: [REDACTED]

Fax: [REDACTED]

Priority: Respond Within Five Days

Opinion      No. 2012 - 103396

Date: 4/24/2012

Complaint Description:      08A Rate Case Items - Opposed  
N/A Not Applicable

First:

Last:

Complaint By:      Roger      Brown Ph.D.

Account Name:      Roger Brown Ph.D. S.L.E.N.I.O.,      Home: (000) 000-0000

Street:      [REDACTED]      Work:

City:      Show Low      CBR:

State:      AZ      Zip: 85901      is:

Utility Company:      Watco, Inc. \*\*Silver Well Service Corporation

Division:      Water

Contact Name:      Mark Grapp

Contact Phone: (928) 537-8739

Nature of Complaint:

DOCKET NO. W-20475A-12-0143  
OPPOSED RATE INCREASE

S.L.E.N.I.O.

[REDACTED]  
Show Low, AZ 85901

April 21, 2012

Arizona Corporation Commission  
1200 W. Washington St.  
Phoenix, AZ 85007

Re: Docket Number: W-20475A-12-0143

Dear Commissioners:

Several of the SLENIO officers went to the WATCO office this week and read their 666 page application for a rate increase. The only WATCO employee at the session was Thomas Grapp.

Following the reading session we ran a check of the Corporation records for WATCO and the four other water companies owned by the Grapp family. These other companies are: A. Petersen Water Company, Cedar Grove Water, Vernon Valley Water, and Porter Mountain Water Company.

Thomas Grapp told us that they had already applied for rate increases for their other four water companies. These filings were spread out over the last few years. The instance WATCO application was the last of their five company group. He also said that in the last rate increase they asked this Commission approve they were granted a 24% rate increase.

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### UTILITY COMPLAINT FORM

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From the papers we read and found on our own it seems Mark Grapp has turned control of these five water companies over to his son Thomas Grapp (while Mark is still listed as the president of most). Additionally, Mark is partially retired and rarely involves himself in the running of these companies. Thomas on the other hand does most of his work on Fridays, after Bryan has 40 hours in, and doesn't engage in much company business the rest of the week.

On page 60 in Attachment A of this application (this page number refers to the page count in the PDF version of their application) it is seen that WATCO only has three employees: Mark Grapp, Thomas Grapp and Bryan Mullans. These three employees are also employed by the other four water companies Mark Grapp owns.

Of these three employees Bryan works 40 hours a week and his work entails reading all the meters of all five of their water companies. When Bryan reaches 40 hours he is off for the rest of the week and that is when Thomas takes over. By the time Bryan has 40 hours in all of the meters have been read so there is little for Thomas to do on Friday (according to Thomas admissions). For all this labor WATCO pays these three employees almost \$64,000 as can be seen on pages 19 and 58.

The average family wage in the Show Low area, according to the bankruptcy court statistics, is \$24,000 a year. From page 60 of this filing it is seen that Bryan is being paid almost twice what an entire family makes and all he does is read water meters, which only requires an unskilled laborer.

Continuing on page 60 it is seen that Thomas is making almost three times what a family up here makes. Likewise Mark, Thomas' father, has seen fit to give himself a salary over three times what a single family makes and he is retired. Additionally, as show on page 58, in Attachment 1, they have stated that they are contemplating a 43% salary increase from this rate increase.

In addition to exorbitant salaries it is also seen they have added an excessive amount for depreciation of decades old equipment that should have been depreciated down to zero years ago. Page 58 shows that their calculation of depreciation is the very same for successive years. In real accounting this is never the case. Each year the property/equipment is worth less (by at lease the amount deducted the previous year) so each successive year the depreciation is always less. However, Mark's creative accounting seems to have ignored this fact.

The depreciation they show is only a paper loss that was realized many years ago and should not be entertained in this application or any of their other applications. Depreciation calcuations are only used to offset an income gain when determining taxes not figuring actual money loses. It would be interesting to see an audited P&L statement for their five companies. The depreciation (which isn't a real loss) and the excessive salaries attributed to WATCO add up to double their suggested Q\$54,295 loss which means they actually made a generous profit last year and now they are asking for more.

Mark Grapp is playing fast and loose with his figures and with this Commission all for his own benefit. I would expect he has presented the very same exaggerations in his other four rate increase applications to this Commission. Unfortunately, none of his other customers bothered to spend the time we have looking into what Mark was actually saying.

When Thomas was asked what contingency plans he had for Silver Lake Estates if the power failed for an extended period. He told us that their water system would not function in a gravity feed emergency and all the water would stop as soon as the power went out. He said they (meaning he and Mark) had no plans to provide for emergency service. He said if the power was out for a long period and if some of their older customers on Social Security and Disability were put in life threatening position because of lack of water then he would give them APS's phone number.

This Commission needs to remember that 150 of WATCO accounts in Silver Lake Estates are almost destitute and don't have transportation or another place to go. Even those who do have transportation don't have the

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resources to travel very far. The remaining 140 WATCO customers only come up in the summer and the rest of the year have their water cut off; however, they are still being billed an excessive amount each month by WATCO just for having a water connection.

The proposed rate increase is only intended to line the pockets of Mark and Thomas, to a lesser degree, and it is not intended to increase any level of service or support for any of their customers. This Commission has already granted four other salary increases for Mark and Thomas and that should be enough.

This time this Commission should look after the customer of WATCO by charging more in line with what water they use as WATCO does not. Most of their income from Silver Lake Estates comes from just the connection fees. One way to more justly charge for water would be to reduce the monthly connection fee (for their small residential customers) to \$15 a month and include with this fee 3000 gallons of water. Another thing they should be made to do is to provide a backup generator that would supply water to run their pumps should APS fail for an extended period.

Please let us know the date and time of the hearing on this application as we would like to attend. Do you know what press coverage will be attending this hearing? Maybe Trish could call me and let me know (she has my Phoenix number).

Thank you for your very kind concern on a matter that borders on life and death.

Sincerely,

Roger Brown, Ph.D.  
President S.L.E.N.I.O.  
\*End of Complaint\*

**Utilities' Response:**

**Investigator's Comments and Disposition:**

Noted and filed for the record in Docket Control.  
\*End of Comments\*

**Date Completed: 4/24/2012**

**Opinion No. 2012 - 103396**

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W. 20475A-12-0143

# ARIZONA CORPORATION COMMISSION

## UTILITY COMPLAINT FORM

Investigator: Trish Meeter

Phone: [REDACTED]

Fax: [REDACTED]

Priority: Respond Within Five Days

Opinion      No. 2012      103414

Date: 4/25/2012

Complaint Description:      04E    Service - Area Code Split  
   N/A    Not Applicable

First:

Last:

Complaint By:

Richard

Windau

Account Name:

Richard Windau

Home: [REDACTED]

Street:

[REDACTED] Rd.

Work:

City:

n/a

CBR:

State:

AZ

Zip: 85905

is:

Utility Company:

**Watco, Inc. \*\*Silver Well Service Corporation**

Division:

Water

Contact Name:

[REDACTED]

Contact Phone: [REDACTED]

Nature of Complaint:

Customer is opposed to such a big increase in rates, as this is more than what they can bear. The quality of water is so bad it needs to be boiled before using.

\*End of Complaint\*

Utilities' Response:

Investigator's Comments and Disposition:

docketed in W 20475A-12-0143

\*End of Comments\*

Date Completed: 4/25/2012

Opinion No.    2012 - 103414